

Memo to: Thomas J. Bonfield, City Manager
Through: Wanda S. Page, Deputy City Manager
From: Alethea C. Bell, Director of Human Resources
Date: May 20, 2013
Subject: Employee Assistance Program (EAP) Recommendation

Executive Summary

The Human Resources Department was notified on March 12, 2013 that the Duke EAP would terminate its contract with the City effective June 30, 2013. This termination is the result of a required reduction in force based on a decrease in funding. The Human Resources Department recommends entering into a contract with ComPsych to provide EAP services.

Recommendation

The administration recommends entering into a contract with ComPsych to provide EAP services to City employees and covered dependents effective July 1, 2013 – August 31, 2015.

Background

Duke EAP service has provided counseling and related services to City employees for eighteen years. There has been no rate increase for Duke EAP for the last twelve years. City employees use Duke EAP at a rate that is higher than the industry standard. Attachment 1 provides use information for City of Durham employees for the past three years. Service to City employees has resulted in less than three complaints per year about Duke EAP services. The increase provided by Duke EAP would result in the basic cost for twelve face-to-face sessions per year moving from \$38.12 per employee per year (PEPY) to \$94.96 PEPY.

A waiver of the Request for Proposal (RFP) process and the advertising process was provided so that cost information could be obtained expeditiously.

Issues/Analysis

Employee Assistance Program Services (EAP) are provided to City employees and dependents covered by the City Health insurance plan. Those services have been provided by Duke EAP at a competitive cost for the past eighteen years. Cost increases and staff reductions are impacting Duke EAP and a notice of termination of the contract has been provided by Duke EAP. In order to provide seamless EAP service to employees, quotes from EAP vendors were reaffirmed by Independent Benefits Advisors (IBA). An analysis from IBA was also received and information from Duke EAP about possible transition was also received.

In addition to cost, transition of current employees and dependents who are involved in counseling processes with Duke EAP were considered in the development of the recommendation. Employees currently receiving services and any additional employees or dependents using Duke EAP services between this date and June 30, 2013 were considered. It has been determined that there should be minimal impact on active cases during the provider transition.

Independent Benefits Advisors (IBA) provided the analysis of the rates which follows:

Duke EAP has reissued their EAP proposal to the City of Durham for future services and proposed an increase from \$38.12 PEPY to \$94.96 PEPY which is a 149% increase. This increase would cost the City of Durham an additional \$150,000 (based on 2640 employees). The increase is significant for one year; however Duke EAP has not increased their current rates over the previous 11-12 year period. The most competitive cost proposal (\$30.96 PEPY with a 5 year guarantee) was submitted by ComPsych, a National EAP company. The cost is lower than the current Duke EAP by 19% for a savings of \$18,903.

Number of Counselors:

Duke EAP's counselors are all located in Durham County and a total was not given in the response. The number of ComPsych's EAP counselors is dynamic (increase in growth when new clients are added). In 2011/2012 they had a total of 26 in Durham, 16 in Orange and 106 in Wake Counties. ComPsych has recently acquired University of North Carolina and NC State.

Transition of Care:

Should the City change from Duke EAP to ComPsych, it is important for the employees who are currently in treatment with Duke EAP Counselors to transition seamlessly to ComPsych providers. ComPsych has committed to work closely with the City, its employees, and its existing vendor to ensure a seamless transition of cases in-progress.

Duke EAP has assured the City that services to current employees will either be completed or will be transitioned on the effective date of the contract.

Alternatives:

The City could remain with Duke EAP. However due to costs and limited services, the staff does not recommend this alternative.

Financial Impact:

The City will save \$18,903 annually based on current costs. Estimated cost for the entire twenty six month contract period is \$177,090.

SDBE:

This contract was not reviewed for compliance with the Ordinance to Promote Equal Opportunities in City Contracting.